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WHICH ROAD TO OZ?

'NEW THINKING' IN EAST GERMANY ABOUT THE WORLD ECONOMY AND THE COURSE OF SOCIALISM

John E. Parsons

WP # 2045-88

July 1988
revised January 1989

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Preliminary draft. Comments welcome.
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WHICH ROAD TO OZ?

'NEW THINKING' IN EAST GERMANY ABOUT THE WORLD ECONOMY AND THE COURSE OF SOCIALISM

John E. Parsons

Second Draft: January 1989

Abstract

Economists in East Germany are helping to work out a new diplomacy for the participation of their country in the institutions and regulatory structure of the international economy. The impulse for this diplomacy is a 'New Thinking' about the successes and failures of socialism during the past forty years, especially as it regards international economic integration. A second impulse is a 'New Thinking' about the conditions of modern industrial production on an international scale and the impossibility of the essentially separate development of capitalist and socialist worlds. The new diplomacy rests upon a radical revision in the ideology of revolution. The weak element in this diplomacy is the relatively inadequate economic understanding of the function and roles of various institutions for trade and finance.

The International Research and Exchanges Board in the US and the Ministry of Higher Education funded my first three research trips to the GDR. MIT and the Humboldt University funded my most recent visit, and my colleagues in the Department of Economics at the Humboldt University were gracious hosts and supportive colleagues. I am grateful to all those at the Humboldt University, the University of Economics, the Academy of Sciences, the Institute for Politics and Economy, the State Bank, and the Bank for Foreign Trade whose stimulating and often very challenging engagements that have contributed to this paper.

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Which Road to Oz?

'New Thinking' in East Germany about the World Economy and the Course of Socialism

I. Introduction

Developing within East Germany's ruling Socialist Unity Party (SED) is a radically new conception of how the perennial contest between socialism and capitalism will be conducted in the arena of international economic relations. The 'New Thinking' is spurred on by a fundamental reanalysis of socialism's failures in the past. It is a reanalysis, however, conducted in the context of a strong self-consciousness about socialism's successes. Foremost among the failures that the 'New Thinking' confronts is the inability of the socialist states to successfully develop an internationally integrated socialist world economy. Contrasted with that failure, in the minds of the East Germans, are the accomplishments of the capitalist world on the same terrain.

The West has succeeded in two important tasks that have frustrated the socialist states: first, it has crafted institutions for trade regulation and international monetary and capital flows that assure multilateralism in trade; and second, through the evolution of the multinational corporation, the West has internationalized production and the division of labor. To be sure, the SED remains conscious that these successes have been accomplished within the logic of the capitalist system--a logic that the Communists in East Germany are not about to accept. Nevertheless, the socialist

community's failure and the Western success represent two political realities that the SED is acknowledging.

The 'New Thinking' is also being spurred on by a reanalysis of the conditions of modern production and the internationalization of the world economy and the new demands that these developments place on the forms of international economic relations.

In place of the former vision of socialist and capitalist worlds competition in the international arena a new vision is developing. While the contours of this new vision are not completely clear, the writings and discussions of many in the SED identify some principle features of the discussion and locate the range of possibilities for its as yet undefined aspects. The key feature of the new vision is the deemphasis of the concept of the independent development of a socialist world economy existing side-by-side with the capitalist world economy. Instead, the concept of the existence of a common world economy made up of both capitalist and socialist states has emerged. One consequence of this change is the demand that it places on the socialist states for a new diplomacy regarding the institutions and rules regulating international trade and finance.

According to this 'New Thinking,' for the socialist states to influence the design of the institutions that regulate and give the essential political character to this common world economy, they must first be a party to them. The socialist states must realistically assess the current balance of power in the design and structuring of the institutions that will be regulating this common world economy. They must join these institutions on the basis of their current organizational design, and must for a certain period of time accept the capitalist principles or interests embodied by these institutions.

However, a decision to gain influence by joining is only one half of the new diplomacy. The old diplomacy emphasized the creation of an alternative set of institutions. The 'New Thinking' embodies an optimistic view of the possibility that key reforms can lead to qualitative changes in the nature of these institutions. It is precisely here, however, that the 'New Thinking' is the most tentative and ill-defined: an immediate goal has been identified but no long term strategy yet exists. The immediate goal is to block the entrenchment of 'monopoly' power in the evolving international legal superstructure. An important feature of the current body of international law and the international economic regulatory system, according to the architects of this new diplomacy, is the special status of the nation state. International agreements are negotiated between nation states and membership in international institutions is largely on the basis of the nation state. This is to be contrasted with, for example, a regulatory system in which corporate entities would possess a legal status comparable to that of nation states. The new diplomacy has as its immediate goal preserving and securing this feature of the international regulatory system.

In this essay I present the logic of this 'New Thinking' in three pieces. Section II provides a brief summary of certain key assessments made by the SED regarding the successes and failures of socialism as they impact East Germany's perspective for future international economic relations. Section III then presents the SED's reading of the new conditions that will shape the economic contest at the international level. Finally, then, section IV lays out the changes that this 'New Thinking' is bringing to the overall strategy for the future. Before turning, however, to the logic of

the 'New Thinking' itself, a few words are in order regarding the motivation for studying the 'New Thinking' in East Germany.

Much has already been written on the 'New Thinking' in the Soviet Union and one wonders what is to be accomplished by examining the same process as it occurs in East Germany. There are two obstacles in the minds of many persons that must be overcome. The first is the presumption that there is no new thinking going on in East Germany. East Germany is, after all, portrayed in the West as the most conservative of all the socialist states. It is common wisdom among Western analysts that the East German communist leadership displays at best an equivocal view of Gorbatchev's radical revision of communist ideology and history and at worst a deep mistrust of it. Few Westerners suspect that East Germany is likely to be in the forefront of the 'New Thinking' in matters of economic relations. The second objection in the minds of many is that, even if this 'New Thinking' does exist, East Germany is hardly an important player on the international economic scene and so it is probably irrelevant to the decisive negotiations between East and West on international economic relations.

Belying the common wisdom about East German conservatism, however, the SED has been astonishingly active in its own diplomacy on security issues. The agreements between the SED, the Czechoslovak Communist Party and the Social Democratic Party of West Germany (SPDG) regarding a chemical weapons free zone and a nuclear free corridor in central Europe are milestones in diplomatic relations between ruling communist parties and a potentially ruling party of a Western state. Within the communist movement itself, the SED has been an extremely prolific advocate of 'New Thinking' as regards questions of war and peace. The recently completed document on Conflicting Ideologies and Common Security negotiated between organs of the SDPG and of

the SED extends the SED's bold activity beyond clear questions of war and peace to other modes of conduct and cooperation with the West. In contrast to the Western prejudice, the East German efforts appear to be entirely consistant with Gorbachev's own program. The SED has become in a sense the Soviet Communist Party's junior partner in advancing the 'New Thinking' on questions of security relations between East and West.

Among those Western analysts who acknowledge this new role for East Germany in the arena of military security, the image of the SED leadership as 'hardline' on other subjects remains firm. East Germany is described schizophrenically: as a radical advocate of the new Soviet diplomacy in the military arena on the one hand, and as an extremely skeptical if not an openly disparaging critic of the economic reforms on the other hand. These analysts have revised one-half of their image; they have retreated to half a prejudice, to half a stereotype. If we do not look below the surface and focus only on publicized events, it is possible to maintain this peculiar schizophrenic image of East Germany and the SED. Unlike the arena of military security, in the arena of international economic relations there are as yet no diplomatic milestones to which one can easily point to demonstrate the inadequacy of the old characterization. East Germany has not yet displayed the same aggressiveness here that they have in questions of military security. While the Soviet Union has passed legislation to allow joint ventures on its territories, for example, East Germany stands by its previous policies forbidding them. While the Soviet Union recently floated its first public bond offering in Western financial markets, authorities at East Germany's foreign trade bank display no interest in similar sales of their own. And while the Soviet Union has given official notice that it wishes to join the IMF and the GATT, East Germany is silent

on the question of its future participation. Failing any such bold news items on economic questions, Western analysts remain content to stand by their old picture of East Germany in this regard.

However, as the saying goes, still waters run deep, and in East Germany there is a strong current of 'New Thinking' on the subject of international economic relations. In the essay I will present the evidence for the 'New Thinking' among economists and others in the SED. The reader will have to judge the extent to which this early stage of discussion does in fact presage a qualitatively new diplomacy in the future.

The second obstacle can be addressed more directly. While it is certainly true that East Germany will never play a role comparable to that of the Soviet Union, it is nevertheless dangerous to therefore ignore East Germany entirely. East Germany has long been the most economically successful of the socialist countries. It has a powerful base of scientific and technical personal, a skilled and educated workforce, and a proven ability, relative to its socialist partners, to put technology into practice in industry. It is still the Soviet Union's primary trade partner. Just as East Germany holds a strategic place in Europe and in the Warsaw Pact and therefore its diplomacy in the arena of military security is of great importance, so too does it hold a place of special importance in the arena of socialist diplomacy on international economic relations. It seems clear that if the 'New Thinking' is to have an impact on economic relations over the long run, then the stance of East Germany on the matter will be an important factor in determing the course.

We now turn our attention to the three parts of our story: the SED's developing view of "the Lessons of the Past," their perception of "the Shape of the Present," and the development of "a New Vision in Place of the Old."

II. The Lessons of the Past

A. Four Decades of Socialism in East Germany: Planned Progress

While I will talk much in this paper about socialism's failures, it is important to keep in mind that it has also had many tremendous successes and that any new policy will be a consequence of an analysis of both the failures and the successes. Although there may exist in many socialist countries persons who are revising their view of socialism out of a fundamental disappointment with the historical experience of the past forty years, that is most certainly not the typical case in East Germany. The experience of East Germany with the construction of socialism, with economic growth and social welfare, and with the management of the planning system and the socialist enterprise is qualitatively better than the experience of many other socialist countries. For example, while in 1986 Mikhail Gorbachev spoke of the 'years of stagnation' that had existed in the Soviet Union, SED General Secretary Erich Honecker had no such apologies to make in his 1986 report to the SED's Eleventh Party Congress:

> Looking back over the last five years, we can say with all due modesty that despite all manner of disruptive manoeuvres on the part of imperialism, the cause of socialism has made further progress in East Germany... While it has not yet reached a state of perfection, we have made good headway.
>
> Whenever the question is posed internationally as to what "real socialism" means, we can proudly refer to what we have already accomplished together. There can be no doubt that East Germany...has achieved something that is held in high esteem by her friends and can no longer be ignored by her enemies. We have forged a new social system.[1]

While the Theses published by the Central Committee of the CPSU in preparation for the 19th All-Union Party Conference held in June of 1988 spoke of the inadequate attention to social needs, of the failure to turn quickly enough from an extensive form of growth, and of the mangled system

of finance, the SED could say that it had directly addressed each of these issues more than a decade earlier and that in each area it had had considerable success. In 1986, therefore, Erich Honecker reported that,

> Our economic strategy has enabled us to turn the intensification of production into the decisive platform upon which to raise performance levels and ensure the sustained economic growth that is required. ...It is with some pride that we state that there are but few countries in the world that have made comparably solid and dynamic economic progress over such a long timespan and have been able to constantly match this with improvements in the social sector.[2]

There are many SED members who would have preferred a report in the style of Gorbachev, one in which more of the real problems are addressed explicitly and pointedly; but I think that most SED members would also agree that the experiences of the Soviet Union in the last two decades are qualitatively different than those in East Germany. They would agree that these differences should not be overlooked, and that these differences are reflected in the difference between the reports of the two General Secretaries, even if perhaps in an exaggerated fashion. As one reads and interprets the critical analyses and the new formulations that are beginning to make their appearance in East Germany it is important to keep in mind this fundamental satisfaction with key accomplishments of socialism and the economic policies of the SED.

B. COMECON and Socialist Integration: Lost Patience

In sharp contrast with the boastfullness that East German economists display in discussing their own planning system and economic accomplishments stands the frustration and contempt that they express as they turn their attention to the COMECON and to the performance of their socialist partners. A combination of a frank recognition of COMECON's inadequacies in achieving socialist integration, a despairing attitude towards the economies of its

socialist partner's, and a lack of an independent vision of the details of how a socialist international economy could be fashioned, has given the East German diplomacy within the COMECON a peculiarly cynical and restrained character.

While published documents and speeches in East Germany do not plainly and frankly admit the inadequacy of the integration process, one finds among economists a willingness to discuss the issue openly. A colleague of mine, for example, teaching foreign trade to future company managers and planners at an East German university provides his students with the usual statistics regarding the national products of the socialist states and their shares of international trade. Instead of then concluding with the official statement that these figures illustrate the successes of COMECON in encouraging integration, he laboriously points out how they illustrate the gap between potential and reality, and in addition, how they illustrate the poor comparison of the COMECON with the EEC integration.

One of the important tasks assigned to the COMECON in the late 1950's and early 1960's was the establishment of the financial institutions necessary to encourage the integration of the socialist economies. In the 1971 Program for Cooperation and the Development of Socialist Economic Integration, the section on the COMECON financial institutions are introduced with the assertion that,

> The member countries of the COMECON are of the opinion that the currency, financial, and credit systems must play a more active role in the solution of the task of extending the development and consolidation of the planned economic cooperation and the development of socialist economic integration.[3]

In contrast to the unpublished discussion of the inadequacies of the integration process as a whole, the financial institutions' failure to give impetus to the integration process are openly explained. The primary

example is a complaint that the payments system remains bilateral despite COMECON's 1964 decision to move to a multilateral accounting and trade system and to the use of the transferable Ruble. The two leading textbooks on the subject of COMECON and international financial systems put the problem as follows.

> To date the major advantages of the multilateral clearing system have not been fully utilized in practice. Research shows that the payments at year's end between any two COMECON countries almost exactly balance, and this because the participating countries plan their mutual trade to balance.[4]

> While it is true that since its inception the transferable Ruble has functioned as an instrument of multilateral clearing, and while it is true that in the daily activities of the payment system it is used in this fashion, nevertheless, at the end of each plan year the payments between any two members of the COMECON balance themselves. This demonstrates the contradiction between the multilateral conception of the clearing system of the COMECON countries and the persisting bilateralism of the mutual trade between them.[5]

The frustration displayed by East German economists is less striking to a Western observer than the absence of new ideas for the resolution of the problem. East German economists recognize the fact that the strength of the socialist community as a whole and of the East Germany economy in particular depend in modern times upon the integration of the separate national economies and upon an expansion of the international division of labor. For this reason that the textbooks on the subject deal honestly with the institutional problems and failures. Nevertheless, the East German economists' frustration with their partner countries and their own dogmatism towards innovative forms of economic relations leads them to look with extreme cynicism upon any institutional innovations to further integration within COMECON on peculiarly 'socialist' principles. They are equally suspicious of institutional changes in the monetary and financial spheres

that would 'open' the economies of the socialist states one to another, because this would mean some loss of control on the part of East Germany.

The very same textbooks that openly admit the failure of COMECON's multilateral monetary and financial structures immediately forewarn the student reader away from the notion that such a failure could be corrected by changes in these institutions. The real problem, according to these textbooks, lies in improving the quality of the separate planning and management system in each country, and by this the East German authors mean primarily the improvement of the systems in their partner countries:

> The main cause [for the bilateral clearing] lies in the relatively limited supply of goods and services on the socialist markets of COMECON countries. Because of this the COMECON countries strive to assure themselves the delivery of and access to useful commodities through the conclusion of bilateral plan-coordination agreements, trade agreements, and annual agreements in which the supply of useful commodities are tied to one another.[6]

> The extent to which the payments system clears on a multilateral or a bilateral basis is not primarily a question of the transferable Ruble, but rather is dependent primarily upon whether the material basis is being developed commmonly within the COMECON countries.[7]

This reluctance of East Germany to consider new socialist forms for cooperation also displays itself in the diplomatic engagement over new forms of cooperation to address the inadequate level of integration. In the past the COMECON has experimented with socialist joint ventures and other forms of international 'ownership' in the means of production. The East German's are very dissatisfied with the benefits that they have received from these: and they are very suspicious, especially today, that such cooperative ventures on what they term 'so-called socialist principles' will be used by their partners to take advantage of the strength of the East German economy. They are especially concerned to preserve the benefits of their own investment in and success with science and technology.

The most recent example of the consequences of this attitude is to be seen in the negotiations within the COMECON countries over the subject of 'Direct Relations.' This new concept has been introduced into the discussion by the Soviets. 'Direct Relations' are supposed to be a new form for the cooperative organization of production between firms in two socialist countries. This cooperation is supposed to be organized at the level of the firm to circumvent the bureacracy. Because it is cooperation in long-term integrated production, it must necessarily bring with it a mutual dependence and a short term constraint on the discretion of the planning agency in each partner country. This is the conception as the Soviets present it. It is, in their view, the only tool with which the low level of integration in production can be significantly increased.[8]

At the 1986 meeting of the ministers of the COMECON countries 'Direct Relations' were finally included as one of the immediate goals of the organization. East Germany agreed to this reluctantly. For the next year East Germany pursued a policy of giving to the term 'Direct Relations' an entirely different meaning than that intended by the USSR. The newspaper of the Central Committee of the SED, for example--Neues Deutschland--carried news of the successful establishment of 'Direct Relations.' In each case the content of the relations was limited to an exchange of experiences between work teams at a factory in East Germany and a factory in the USSR, or to discussions about how production could best be organized or how specialization might proceed. Truly integrative forms of decision making and organization were simply not mentioned.[9]

In a conference of COMECON specialists on the subject of cooperation in production one member of the East German Academy of Science questioned whether joint ventures were necessary for the use of the combined potential

of the COMECON countries: the answer he gave to his own question was that no institution outside of the structure of the distinct national economies was even imaginable.[10] I once commented to one of my East German colleagues that I had heard any suggestions from East German economists for new institutional forms that should be created to extend the integration between socialist countries. When I asked him if they had any such conceptions of their own, he answered that, "We will join any project that is profitable. If it isn't profitable, then we do not want to be a part of it." The theoretical despair and lack of direction among East German economists on this score is laid bare in the following comments of one in their ranks,

> The improved connection of plan coordination with the increased use of money-commodity-relations is a new task for which there does not yet exist sufficient experience or theoretical understanding.[11]

Written in 1972, this is still a good description of the disposition of many East German economists.

C. The Socialist Community and the Developing World: the Failed Promise

East Germany is confronting the failure of the socialist vision in the third world in much the same fashion as is the Soviet Union.[12] In the early years of socialist development in East Germany great hope had been placed upon the anti-colonial movement and the future strengths that political victories there would be bringing to the socialist community. And the early victories did nothing but reinforce this hope. But in recent years the revolutionary hope that East Germany had placed in the developing world has been transformed into cynicism. It is a cynicism that grows out of frustration with two phenomena.

First, East German economists have been confronted with the problems of development in these countries themselves. They have worked advising the

countries on economy-wide policies as well as identifying projects for economic cooperation and trade that would be beneficial to both parties. From their frustrations and failures has arisen a consolidated opinion that the developing countries cannot, at the current stage of development, choose a meaningfully socialist path and become dynamically growing economies that will strengthen the socialist community. One hears from East German economists comments that the countries in the developing world that have chosen the socialist path are economic basket cases. East German economists place great emphasis on the economic inequality and the initial underdevelopment in these countries as an objective obstacle to economic cooperation between these countries and East Germany. Even when the despair is channeled through an ideology in which it is the imperialist system that makes successful economic development on socialist lines impossible in these countries, the result is a dashing of the older vision of new contributions to the economic strength of the socialist community through the revolutionary transformation of these countries.

The second source of frustration is with the developing world as a whole, inclusive of those that have chosen a 'capitalist-path'. East German economists have confronted the fact that these countries trade overwhelmingly with the capitalist world, and that it will not be possible to quickly wean them away from these connections. There are a variety of reasons for this, varying from the 'neo-colonialist' institutions to the superiority of the technology and products from the West. In any case, for East Germany to sell its goods to these countries it must do so on the terms of the capitalist world market, and it therefore finds itself necessarily embroiled in the laws of operation of that market. In recent years East German enterprises have found it difficult to sell their own products in the

developing world because of the large debt obligations of these countries. As the indebted developing countries have moved to cut their imports to maintain a balance of payments surplus to finance their debt repayments, imports from socialist countries have been cut. For the first time the socialist community, and especially an exporter of industrial commodities like East Germany, finds itself directly and deeply affected by the events of the capitalist world market. This has had tremendous consequences for the SED economist's consciousness regarding the problems of the developing countries, regarding the relationship between the developing and the socialist worlds, and regarding the relationship between the socialist and the capitalist world markets.

It has therefore become clear to East Germany that the relationship between the socialist community and the developing world will not be advanced on the basis of the former politics of the socialist community:

> The fact cannot be overlooked that the economic dependence of the developing countries on the capitalist industrial countries continues and that hardly any progress has been made in overcoming their economic backwardness. The weight of the socialist countries in their economic relations does not correspond in any fashion to the economic potential.[13]

D. The Capitalist World: the Dogged Competitor

East German economists are also reexamining their past pronouncements about the capabilities of capitalism to successfully develop and adapt to the realities of the post-war years. In this essay I am concerned with this reexamination of one aspect of the capitalist world: the system of internationalization in production. East German economists recognize the success of the capitalist world in creating two new institutions that have allowed it to rapidly expand the international division of labor beyond what

would have been imaginable within the pre-war capitalist framework. The first of the two institutions is the system of multilateral trade and financial agreements that facilitate international trade and capital flows, and the second is the multinational corporation.

In the formerly reigning Marxist orthodoxy capitalism was a fundamentally nationally organized form of productive relations: Lenin's Imperialism focused attention on the special nature of its international organization, but that international organization was almost exclusively characterized by extreme national conflicts and antagonisms. In this orthodoxy the capitalist classes remained essentially national in structure. This would lead to a crisis as economic development demanded an increasing degree of internationalization. The capitalist system would be incapable of developing the institutions to accomodate the expansion of production on an international scale.

Abandoning this orthodoxy, East German economists have recognized that the post-war years have brought into existence a number of institutions that have created an international market organized on capitalist principles. The complex of agreements and regulations that have created a multilateral trading system in the capitalist world are still developing and are the subject of intense conflict. Nevertheless, they have allowed the West to take advantage of the international division of labor, and especially of its application to new technologies. They have helped the West to grow and expand on an international basis previously unimagined by socialist economists:

> The international balance-of-power is more to the advantage of the capitalist states in the economic field than in any other area of international relations. The overwhelmingly larger portion of production, world trade, and currency relations, and other sectors of the world economy are essentially controlled by the leading capitalist

> countries. And in international organizations such as the IMF, the World Bank, and the GATT the capitalist industrial countries possess the deciding influence.[14]

The second relevant institutional innovation of the capitalist world, the multinational corporation, was previously vilified in East German economic literature. Its essence was said to be exploitation. The only institutionally innovative aspects that were acknowledged were those related to its function as a tool of neo-colonialism. The fact that the institution was also uniquely suited to incorporating the objective social interest in international production was never mentioned and not understood. It is this aspect of the institution that is now being given attention.[15] The socialist countries are currently aware, as mentioned in a previous section, that they need to develop institutions of their own that can accomplish the key functions that the multinational corporations of the West serve, first among those being the encouragement of the international organization of production.

A new consensus is therefore slowly developing among East German economists about the analysis of capitalism. They are increasingly trying to distance themselves from overly politicized judgements.

> If in the past research into the functioning of the economic laws of capitalism was targetted primarily upon identifying and highlighting the limits of capitalism and the necessity for its revolutionary transformation, so is it today an urgent necessity to follow a binary methodological approach to the operation of the economic laws of capitalism: to be researched are the conditions that would make possible within the bounds of the objective laws of capitalism a variant of state-monopoly-capitalism that is capable of peace and oriented to at least partial solutions of other global problems.[16]

There is a new demand to be 'scientific' and thorough in a description of these institutions and the roles that they serve. Communists have learned a strong lesson from the conflict of early dogma with eventual reality. One

repeatedly hears criticism against 'overpoliticizing' every issue that arises in the capitalist world, and a demand for a more sophisticated understanding of events there and of their role in spurring the evolution of institutions. "Not every crisis in capitalism is going to lead to an event that threatens the stability of the system," was the comment one of my colleagues made in a speech at a recent conference.

East German economists are becoming realists in assessing the strength of the socialist and capitalist institutions on the international arena. And the recognition of their position vis-a-vis capitalism is a part of the 'New Thinking" about how the international contest will continue. One example is their new found willingness to honestly assess the obstacles to East-West trade that originate in their own countries:

> And the differentiated success of the individual COMECON countries in mastering the socialist process of intensifed reproduction as well as problems of the set of commodities for export were named as factors which, not generally, but for the time being, limit the possibilities for mutually beneficial economic relations [between East and West]. Products of a higher quality and meeting modern technological standards, better servicing, as well as altogether more flexible reactions to the demands of the international market, and a greater readiness to provide information are all thing that are expected of the socialist states. ...An important precondition for the active participation of the COMECON members on the world-wide division of labor is therefore a higher level of their supply of goods and services.[17]

As a final note, it is important to recall that in East Germany this new realism cannot be equated with an enchantment with capitalism: the capitalist system remains essentially unjust and crisis-prone in its development:

> At the same time, every limitation of the capitalist system must be identified, the transcendence of which is not to be expected even under changed conditions of existence and which bring forth the anti-monopoly democratic movements and which demand in the historical process a resolution in the direction of socialism.[18]

The new realism is essentially a reaction against dogmatism, and not a call for fundamental revision of socialist ideology on the limits of capitalism.

III. The Shape of the Present

In the previous section I discussed the recognition by the SED of the successes and the failures of the past. But the 'New Thinking' is not merely a reanalysis of the past and a decision to avoid those mistakes in the future: this would only be adequate if it was possible to start again at the beginning. The problem of comprehending new circumstances is also a component of the 'New Thinking' in East Germany.

A. Military Confrontation and Economic Confrontation: the New Hierarchy

It is by now common knowledge that in East Germany as in the Soviet Union there exists a new conception of the role of war and the military in the relationship between the two social systems. Briefly stated, war can no longer be 'the extension of politics by other means.' That is, modern weaponry has made war an anachronistic policy tool for both the capitalists and the communists. Within this 'New Thinking' the antagonism between the two social systems retains its original place. The SED remains firm by the notion that the capitalist are prepared at any time to go over to open confrontation when they see that they can gain an advantage from it. But a war is no longer a conceivable element of that open confrontation.

What then are likely to be the premier elements of an open confrontation, what will be the primary tools of this modern type of 'warfare?' In the opinion of the SED the premier factor will be the control over new scientific and technological developments and their application in production. In the logic of this 'New Thinking,' the monopolization of

these weapons and their use is the weapon of modern warfare between the two social systems. It is also the weapon of modern warfare between the capitalist states themselves as they vie to 'carve up' the world in the modern form of inter-imperialist conflict. Economic strength--and in particular the control over science and technology and their application in the economy--takes the place of military power as the ultimate arbiter of the relationship between socialism and capitalism and between capitalist states themselves.

> War between the imperialist powers as 'the time honored redistributor' of this room for expansion is in fact excluded today, because it would put into question the existence of the capitalist world system as a whole, yes and would mean its demise. ...This is also apparently securely grounded as a political priority in the consciousness of the leading circles of international finance capital.
>
> And so a new mechanism is sought through which the interimperialist rivalry and contradictions can be resolved, within which the principle of the division of and redivision of spheres of exploitations and influence according to the principle of strength can be implemented and at the same time the interest of all capitalists on the preservation of the capitalist system and on the development of mutually beneficial economic relations can be guaranteed. ...The main emphasis of the rivalry then is concentrated clearly in the economic sphere, in which once again, technology and scientific-technological progress play a key role.[19]

The consequences of this conclusion for economic policy are many. The most obvious is that the socialist states must maintain an independent strength in the area of economy, science, and technology. This reinforces the older policy of organizing COMECON as a political organization for the economic defense of the socialist community as a whole, but it is not the only consequence to which one should give attention.

A more subtle element of the problem involves the diplomatic and economic relations that socialist countries maintain with the rest of the world. The East Germans do not believe that it is possible to master the modern technology and to maintain economic independence through economic

isolation or separation of the socialist community from the world economy. The key question is, on what basis can the socialist community build the international relations that will allow it to maintain a freedom of maneuver or a strength against the capitalist states? The answer that is developing is that these international economic relations must be organized on the basis of the current capitalist rules, at least initially. They must rest less than ever upon the revolutionary creation of new socialist states one by one throughout the world. This will be addressed more fully in the section IV.

B. Internationalization of Production and the Forging of a Common Polity

Much has been written in both the East and the West about the increasing internationalization of the economy. This process has especially radical consequences for a Marxist theory of international relations; and East German communists are beginning to discuss these consequences. One conclusion being drawn by East German policy makers is the notion of a gradual development of a common political relationship between the peoples of different countries. This pointedly raises the inadequacies of a strategy of socialist construction in one country and raises the need for political engagement of peoples across boundaries in a character and fashion that is currently unknown in East Germany.

The internationalization process that is occuring today in the arena of production is, according to many policy makers in East Germany, drawing the working people of many countries into qualitatively new and tight relationships to one another.

> Since the 1960's it is possible to identify above all the further extension of the division of labor **im besonderen** and as a new element a definite internationalization of the division of labor **im einzelnen**

> as basic characteristics of the increased capitalist international division of labor. The latter occured for the most part outside of the bounds of the factory, outside of the bounds of the closed production cycle and became a factor in the deepened socialization of the division of labor in national and international dimension. With this development the socialization of production receives a new quality, because the division of labor **im einzelnen** becomes--in so far as it no longer constitutes a factory-internal division of labor but rather a component of the social division of labor--the basis of a significantly increasing number of 'points of exchange' in social production. ...A continuation of this process on the international dimension during the last two decades means a new quality in the international division of labor.[20]

In Marxist political economy it is the relationships between people and between the social classes of people as they are organized around production that determines the political structures in which people are or can be organized. Political structures may have a certain independence from the economic base, but as the relationships of people in production are reorganized there arises a tension between the old political structures and the new forms of productive relations. The socialist states must engage in the new political structures that follow from this tension.

According to the 'New Thinking,' the internationalization of production has now advanced to such a stage that it places new demands on the international character of socialist politics and diplomacy:

> Above all, as a result of the transnational monopolies and the related development of international production, international productive relations are no longer, as they once were, derived, secondary and tertiary relations, but rather have themselves become primary relations, at least in the framework of the 'international production' of the transnational monopolies.[21]

The internationalization of the economy and of productive relations resulting from the new technologies, according to Marxist theory, demand a reorientation of the strategy for and forms of political organization. First, the internationalization makes impossible the sort of economic

declaration of independence that characterized Communist economic strategy in the past:

> In this regard one must take into account that economic security is secured less than ever through withdrawal from the international division of labor.[22]

Second, international productive relations demand political engagement focused on the level of the international regulatory system.

The East Germans are increasingly aware that the capitalist class has already begun to respond directly to the political demands of the internationalization by organizing its own international institutions for the debate and discussion of common policies:

> In the activity of such international private monopoly bodies is reflected a general requirement for monopoly capital in every country: the necessity to continually discuss the situation, the discussion of possible solutions, conception and strategies for the increasingly more complicated and increasingly opaque worldwide economic problems, the direct personal confrontation of interests, the search for their coordination, compromises, etc. For these purposes the leading circles of the international monopolistic bourgoisie have developed various bodies with independent significance for the formulation and implementation of their economic and political interests...[23]

Small steps in this direction have also been taken by the communist parties in Western countries as they refocus some of their trade union organizing into international cooperation, and in special cases to refocus their legislative work and political agitation towards international institutions such as the EEC Parliament. The SED is also revising its view of the political contest between socialism and capitalism as a result of this fact. Precisely how is the subject of the next section.

IV. A New Vision in Place of the Old

The combination of a new assessment of the past, as discussed in section II, and a fresh appreciation of the current conditions of

production, as discussed in section III, are bringing about a radical change in the underlying vision maintained by communists everywhere of how the world revolutionary process is to continue. The outlines of this new vision are the subject of this section. Most Western writings on the subject of the 'New Thinking' recognize and report an analogous pattern: a reassessment of the past, a new strategy for the future. However, these writers are primarily concerned with pragmatic policies and diplomacy as they are guided by perceived national interests interpreted narrowly. A unique contribution of this paper is its focus--without apology--on the 'New Thinking' at the level of ideology. The history of the last forty years has created a crisis for the internal logic of the communist theory of the world transition to socialism. This crisis as it is perceived within the SED is examined in this paper, and its resolution--in process--in the form of a new theory of the transition is presented as well.

A. The Old Vision: A New World Grows Alongside the Old

To appreciate what is new in the developing vision of how the contest between socialism and capitalism will be conducted, it is important to recall some of the key features of the communist vision for the world revolutionary process as that vision existed for the last several decades. For this paper the central feature of relevance is the focus of communist revolutionary theory on the nation state as the locus for both the revolutionary political change and for the subsequent transformation of productive relations from capitalist to socialist in their essence. Although the communists had long made international economic relations central to their analyses of which country was ripe for revolution and of

what role various forces would play, etc., the locus of political engagement and of economic transformation remained the nation state.

Lenin's thesis that socialism could be built in one country was an important milestone in the development of this vision. Lenin's theory of a long period of historical transition incorporated the concept of a socialist world system developing **parallel** to the capitalist world system. In this vision, the transition to socialism would occur not primarily through the revolutionary transformation of institutions affecting the entire world capitalist system, but rather through the removal of a nation or territory from this system and the qualitative transformation of the productive relations and institutions **within** this nation. Lenin placed great emphasis upon the spatially uneven development of capitalism in the world. From this came the notion of identifying the 'weak link' in the imperialist system. The weak link was the country then ripest for political revolution. A revolutionary movement in that country would wrench it out of the imperialist world system and deposit it into the socialist world system. The economic relations within that country could then be gradually transformed and given a socialist content. The world revolution would therefore be consolidated in a series of distinct revolutionary victories in individual nation states.

One sees the pattern of this vision reflected in the language of East German texts and articles on international economic relations. The march of the world revolutionary movement and the gradual worldwide transition from capitalism to socialism is therefore typically described in **spatial** terms:

> Through the breaking out of the Soviet state and through the other countries that chose to go over to socialism as well as through the formation of a socialist world system, the capitalist world system is more and more territorially constrained.[24]

The revolutionary transformation in a developing country was supposed to focus upon the internal structure of production and upon its choice of relations with the socialist countries:

> The central question of the period of the economic collapse of the colonial system, of unequal economic relations and of the dependence upon the imperialist states is the transformation of the socio-economic relations in the developing countries, above all the exclusion of foreign capital, the development of the productive forces and of domestic economic branches as well as self-sufficient foreign economic development.[25]

Lenin's concept of peaceful coexistence is repeatedly described in a similarly spatial metaphor: the necessary choice for a foreign policy given the undeniable reality that two different social systems exist next to one another.

B. The New Vision: One World, Two Camps

In the 'New Thinking' this long standing vision of the world revolutionary process is significantly altered. Contradictions and conflict that arise on the international level and that can only be resolved by political engagement at the international level now take more prominence in Communist thinking.[26] The significance of gaining political power at the level of the nation state is not reduced, but the role that it takes in the overall strategy is dramatically changed. The capacity of the individual nation state to revolutionize the productive relations among its population is significantly downplayed, especially in developing countries. The productive relations--especially the international economic ties--cannot be unilaterally transformed, at least not as dramatically as was the case for the Soviet Union, the Eastern European states and China. The revolutionary state becomes instead primarily a political stronghold of the communist

movement. Its influence is felt primarily at the level of the rivalry over the form and content of the international regulatory system.

The world revolutionary transformation, proceeds therefore, less in the fashion of two parallel social systems--one capitalist and one socialist--with nations being pulled from the one and added to the other. At the current stage in history the transformation occurs, instead, in the context of a slowly developing **single** international system of economic relations. This single system is composed of nations with different internal social orders and it reflects this composition in the contradictory content of the international relations. There exist two primary political camps, the capitalist and the socialist. Each nation or group of nations organized as a political camp attempts to exert its influence on the gradual development of the social content of the single international system. A revolution in a nation brings it from one camp to the other, and the significance of this is primarily in the ability of this state to add strength to the common effort to transform or construct the rules for international conduct on a socialist as opposed to a capitalist basis.

Key to the new strategy is the idea that the fate of any single nation is tied to the fate of the international community as a whole. Each individual state will maintain its own sovereignty, of course. But that sovereignty will be exercised in the context of a world that binds the country through a myriad of ties to the many other countries of the world. The nature of those ties and the constraints that they impose upon the state itself are of as much relevance for determining the social life of the nation as are its own internal structures.

> The independent importance of international economic security follows above all from the increasing double-sided economic dependence

> and influence of the states--also those of different social orders--as they have developed over the last two decades, more and more clearly. ...Under the influence of the increasing economic interdependence between states a new quality of **the dynamic relationship between economy and politics in** international relations characterizes the times since the 60's.[27]

Therefore these international ties, the political constitution of other states of the world and of the international institutions to which they must be a party, etc., are of direct concern and relevance for the people of any other nation. The economic ties that necessarily bind us all are, according to the 'New Thinking,' the foundation for a common polity.

> ...the objective necessity for the regulation of global problems places unavoidable demands on the economic activities of both systems. Whereas in previous times the task revolved around cooperation between particular countries or groups of countries for the solution of separate and limited economic issues, today a new situation has arisen due to the global dimensions of the tasks. Objectively today the economic agents of both world systems influence the same worldwide processes and they stand unter the pressure of necessity to implement a commonly directed solution...
>
> In the dialectic between productive forces and productive relations, the productive relations in both world systems stand under the pressure of productive forces with global influence.[28]

The communists must therefore organize in recognition of this, and must attempt to bring this consciousness of the common international political destiny to the broader working class consciousness and make it an aspect of the politics of this movement.

The subject of political rivalry is therefore the rules of behavior that the world community considers acceptable in international relations. For example, the determination of prices for raw materials through international commodity exchanges is a proper subject of common political discussion. The policies of an international banking institution are of concern to people everywhere. The environmental regulations accepted for the use of the seas are the proper subject of common political discussion.

C. Beginnings: The 'New International Economic Security System'

An early example of gropings in the new direction that I have outlined above can be seen in the statements of the socialist states, including East Germany, on their recent diplomatic proposals for a New International Economic Security System (NIESS). The NIESS is a first attempt at combining a realism about the current balance of power in international economic relations with a vision of the transformation of these relations from capitalist to socialist relations. In his report to the 27th Congress of the CPSU, Mikhail Gorbachev first presented the Soviet concept of an International Security System: it included both a new approach to problems of military security as well as the call for an economic component of the international security system. While the dramatic changes in Soviet military policy have been well charted and discussed in the West, the fundamental changes in Soviet international economic policy remain unclear to Western analysts. This is in part due to the fact that they have been less at the center stage of actual negotiations, and as well to the fact that they have been less carefully spelled out by the Soviets themselves. The discussion here on the East German writings about an NIESS will provide the reader with an outline of where the discussion on international economic relations is currently heading.

Advocates of the 'New Thinking' recognize that for the socialist states to influence the design of the institutions for international trade and economic relations they must have a program that acknowledges the interests of the capitalist states and that is realistic for the capitalist oriented developing world. The NIESS as a concept accepts the continued existence of capitalism, and it accepts it also at the level of international economic relations. This can best be seen in the efforts of the East Germans to

explain that the NIESS must have as its content something other than the maximalist demands of the New International Economic Order precisely because the NIESS must be a proposal that could be accepted by all nations, including the capitalist ones:

> ...there is a close relationship between the concept of the NIESS and the demands for the democraticization of international economic relations, for the construction of a new international economic order. At the same time, it must be acknowledged that the notion of a new international economic order or of the democraticization of international economic relations is in no way to be equated with the construction of international security.
>
> As a component of comprehensive international security it is necessary that international economic security contribute to peaceful coexistence as the premier principle of state-to-state relations. They must therefore be founded upon the basic relationships and balance of forces of current world economic development...
>
> Based upon this relation one must put the question of the independent goals and the possible partners for such a concept of international economic security.
>
> ...Such a concept of international economic security would include as partners the international monopolies (in industry, in banking, and in the other branches of the economy) which are in part already directly involved in political dialog. An international economic security concept must offer the opportunity for the cooperation of all those business circles that today control the deciding segments of the capitalist economy.[29]

The content of the NIESS must be a temporary compromise that modifies the capitalist system even while it admits certain key features of that system,

> And it would not be possible to include in the goals of an international economic security system a just, economically founded relationship between the price of raw materials, foodstuffs, and industrial commodities nor the accomplishment of the other demands of a democratic transformation.
>
> In the position statement of the socialist countries to the UN resolution on the subject of "International economic security" it was underlined "that the concept of international economic security in no way removes nor substitutes the demand in the UN--including that in the consensus--accepted numerous useful decisions for the transformation of the international economic relations and the implementation of a new international economic order. It is designed to give to the discussion a new and additional impulse." ...It is necessary to find in between solutions in the current discussion, that are based upon the current social conditions.[30]

What, then, is the strategic objective that the socialist states have set for themselves in making these concessions to capitalist interests and logic? The key objective of the NIESS is to establish the principal of state participation in regulating the international economy. The international economic system is regulated primarily on the basis of interstate agreements or by institutions that are organized as multi-state institutions. By this very fact, politics is primary at the international level. In the view of the East Germans, the system therefore contains an aspect of democracy that is missing within the territory of the industrial capitalist states. The power of the multinational corporations on the international level is limited by and mediated through the national state institutions and therefore all decisions and productive relations are inherently and explicitly political in nature.

In the eyes of the East Germans, a key political objective of capitalist politics is the establishment of the transnational corporation as an entity with rights and stature comparable to the nation states for the purposes of negotiating and operating these international regulatory institutions.

> The kernal of the problem consists in the fact that the concept of a 'transnational politic' is targetted towards demanding for the monopolies the international legal status of sovereign states so that they will be equally entitled with states and governments to operate in international relations and able to make demands of them. And through their transnational character and their international field of operation they would in fact be taking a privileged position.[31]

The objective of the socialist states, therefore, must be to check this effort and to maintain the principle of an inter-state structure in the organization of the single international economic regulatory system.

> ...the politics of the socialist states and the developing countries for strengthening inter-state relations over fundamental questions of international economic relations is an essential tool

with which to drive back the influence of the politically powerful interests of international finance capital and with which to constrain the effects of the spontaneous economic processes of international state monopoly capitalism in the world economy.

An important conclusion of our analysis of international state monopoly capitalism is that in international relations a stronger orientation on **interstate** and **international** agreements with the inclusion of the imperialist states is an essential moment in the struggle with international state monopoly capitalism. Just the strengthening of the 'state' character of international relations in and of itself stands in the way of the extension of the influence of international forms of state monopoly capitalism on the world economy. Through the construction and extension of **interstate** forms of relations in the international economy socialism, which is the extant world economic alternative to capitalism, will be drawn into the process and the historical tendency for planned organization of the world economy on the basis of equal and mutually beneficial relations will be advanced.[32]

D. The Mystical Capitalist Market: the Nagging Dogma

To influence the evolution of the international capitalist institutions it is not enough, however, to simply be realistic: one must also have a distinct vision of what could constitute a workable set of international economic regulatory institutions, a vision that is socialist in direction, and a vision of how one can bring the system from the current set of institutions to this socialist system. This requires a new approach to the process of transformation of capitalist relations into socialist relations: a sudden single moment of revolutionary upheaval the world over is not likely. This change in thinking about the possible forms of transition on an international level from capitalist relations to socialist relations is in its infancy in East Germany. This vision of what would constitute a meaningful reform of the capitalist ground rules in the international arena is the one key ingredient that is still missing from this diplomacy and from this 'New Thinking.' Except for the importance of the state as the

institution that should be empowered to negotiate the ground rules and regulations, the East Germans have no alternatives to offer.

While East German economists have begun to recognize that certain key tools of financial and economic transactions are not in their essence capitalist devices, they are not very far along in identifying the kernal that is in a sense 'objective' and the shell that gives these devices their capitalist essence in the current times.[33] They are therefore unable to offer concrete suggestions for the proper institutions that should be organized on an inter-state basis. They do not have concrete proposals for the resolution of any international economic problems that embody the objective requirements of facilitating the expansion of international trade and production. As a consequence, the initiative for the developing regulation of the international arena will remain for a long period of time with the capitalist states.

I have discussed this process elsewhere in the context of East-West industrial cooperation agreements, illustrating both the gradually developing openness towards particular contractual forms as well as the remaining ideological obstacles.[34] Another good example of this conundrum is the regulation of the international pricing of raw materials. This is identified by the East Germans as a key international problem and one towards which both their NIESS and the developing countries' New International Economic Order are targetted. As the East Germans discuss this problem it becomes clear that they remain wedded to a notion that there exists a 'just' or 'economically founded' price, and that this 'economically founded' price differs from the price that is set by capitalist principles on world commodity markets.[35] The socialist states maintain that it is possible to succeed to some degree on the international level in fighting

the inequality that they have long maintained is tied to the 'unjust' prices of such commodities without at the same time completely eliminating the capitalist system. For example, on the issue of the rights of the developing countries they assert that:

> This is all the more so since today economic inequity does not necessarily follow any longer from the operation of the internal laws of the capitalist system and it is no longer a condition for the existence of the international capitalist system.[36]

And yet the East Germans do not have any basis of their own for establishing what is the 'economically founded' price of raw materials; they are even less prepared to explain how a consensus around this conclusion is to be drawn. It is precisely the inability to make such a determination and to create such a consensus that has forced the COMECON states themselves to retreat from their own efforts to define an 'economically founded' price for raw materials and to accept for their own trade the prevailing Western prices.

The East German economists are behind their counterparts in developing countries in this regard. There have been many efforts over the past decades, for example, to create international organizations to stabilize international commodity prices. There have been both successes and failures, and in time many lessons have been drawn in this regard. For the East Germans the lessons are only negative ones: these efforts have been failures. And they have no recommendations for how to move forward.

The problem here is that there exists some radical 'New Thinking' at the level of international politics, but that the same transformation has not yet occured within the economics profession itself and with regard to the tools of economists and the institutions of pricing and exchange

contracts. Here the old dogmas inherited from the Stalin era still prevail and handicap the 'New Thinking' as a whole.

Notes

1. Report of the Central Committee of the SED to the 11th Congress of the SED, Verlag Zeit im Bild, Dresden, April 1986, p. 6.

2. Ibid. pp. 24 & 25.

3. "Komplexprogramm für die weitere Vertiefung und Vervollkommnung der Zussamenarbeit und Entwicklung der sozialistischen ökonomischen Integration der Mitgliedslaender des RGW," Kapitel II, Abschnitt 7, in Grunddokumente des RGW, Staatsverlag der DDR, Berlin 1978, p. 84.

4. Gerhard Brendel, Hans-Joachim Dubrowsky, and Kurt Schickram, Ware-Geld-Beziehungen zwischen den RGW-Ländern, Verlag Die Wirtschaft, Berlin, 1983, p. 137.

5. Helmut Bleßing, et al., Valutaökonomie, Verlag Die Wirtschaft, Berlin, 1986, p. 73.

6. Bleßing, et al., Valutaökonomie, pp. 73-4.

7. Brendal, et al., Ware-Beld Beziehungen, p. 138.

8. "...one should frankly say that the available opportunities for greater cooperation and increased commodity exchange has been underused. ...we must pass on from what are primarily trading links to direct productive interaction, thorough-going specialization and cooperation." From N.I. Ryzhkov, Chairman of the USSR Council of Ministers, speech at the 42nd session of the CMEA, November 3, 1986, as reported in Foreign Trade of the USSR, 1/1987, p. 4.

The "main forms [of the higher stage of the internationalization of production among the socialist states] are: (a) joint enterprises... and (b) direct cooperative relations among factories and firms through which the work itself is internationalized. Cooperation at the level of production must be developed on the basis of contracts with the objective that a part that is produced in one country has no use value without the international organization of production, that is, that the interests of one partner is dependent upon the effectiveness of the cooperation in the functioning of the whole production system." From a summary of O.T. Bogomolow, et al., The International Concentration of Socialist Production. Issues of Political Economy, Moscow 1984, as appeared in Wirtschaftswissenschaft, 6/1986, pp. 934-8.

9. The first public discussion of the fact that 'direct relations' require an ability of the firms to bind themselves and therefore their planning agencies to future production decisions or contingencies, and of the need for this type of qualitatively new form of relation and commitment between enterprises in socialist countries appeared recently in East Germany: H. Andermann, E. Becker, G. Fröhlich, and R. Weiß, "Zur Entwicklung von Direktbeziehungen zwischen Kombinaten der DDR und Wirtschaftseinheiten der RGW-Länder, insbesondere der UdSSR," Wirtschaftswissenschaft, 1/88, pp. 44-56.

10. As reported in Andreas Gummich and Monika Kranz, "Konferenz Bericht: Wissenschaftlich-technischer-Fortschritt-Produktionzusammenarbeit-Ausnutzung der internationaler Wertkategorien im RGW," Wirtschaftswissenschaft, 12/1986, p. 1838, regarding the comments of Dr. Kraft of the Akademie der Wissenschaften der DDR.

11. Gertrud Gräbig, "Die Rolle der Ware-Geld-Beziehung in Prozeß der sozialistische ökonomische Integration," Deutsche Außenpolitik, 17. Jahrgang, 1972, Sonderheft, p. 200.

12. Elizabeth Kridl Valkenier, "New Soviet Thinking about the Third World, World Policy Journal, v. IV, n. 4, Fall 1987, pp. 651-674.

13. Horst Heininger, "Ökonomische Sicherheit, Weltwirtschaft und Weltfrieden. Zu Grundfragen eines Konzepts internationaler ökonomischer Sicherheit," IPW Berichte, 8/1987, p. 3.

14. Heininger, "Ökonomische Sicherheit," pp. 2-3.

15. Horst Heininger and Lutz Maier, Internationaler Kapitalismus. Tendenzen und Konflikte staatsmonopolistischer Internationalisierung, Dietz Verlag, Berlin, 1987, pp. 37, 56 & 66.

16. Dieter Klein, Chancen für einen friedensfähigen Kapitalismus, Dietz Verlag, Berlin, 1988, p. 11.

17. Gerhard Scharschmidt and Jürgen Nitz, "Intensiver Dialog zur Förderung der Ost-West Wirtschaftsbeziehungen," IPW Berichte, 4/1988, pp. 52-3.

18. Klein, Chancen für, p. 11.

19. Heininger and Meier, Internationaler Kapitalismus, pp. 127-9.

20. Heininger and Maier, Internationaler Kapitalismus, p. 30.

21. Heininger and Maier, Internationaler Kapitalismus, p. 133.

22. Heininger, "Ökonomische Sicherheit," p. 6.

23. Heininger and Meier, Internationaler Kapitalismus, p. 77.

24. Autorenkollektiv DDR-UdSSR, Internationale Wirtschaftsbeziehungen, Verlag Die Wirtschaft, Berlin, 1981, p. 51.

25. Internationale Wirtschaftsbeziehungen, p. 52.

26. Heininger, IPW Berichte, p. 4.

27. Heininger, "Ökonomische Sicherheit," p. 2, [emphasis in the original].

28. Klein, Chancen für, p.200-1.

29. Heininger, "Ökonomische Sicherheit," p. 5.

30. Heininger, "Ökonomische Sicherheit," pp. 5 & 6.

31. Heininger and Meier, Internationaler Kapitalismus, p. 341.

32. Heininger and Maier, Internationaler Kapitalismus, p. 343-4.

33. This 'kernal' and 'shell' metaphor as it regards capitalist institutions is borrowed from a recent discussion in East Germany where it is used to describe not the capitalist institutions themselves, but the neo-classical economic theories of these institutions. See especially Gerhard Grote and Horst Huhn, "Komparative Vorteile und ihre Ausnutzung im Außenhandel der sozialistischer Länder," Wirtschaftswissenschaft, 34:1138-1156, 1986.

34. John Parsons, "Forms of GDR Economic Cooperation with the Non-Socialist World," Comparative Economic Studies, 29:7-18, 1987, and "Contractual Forms for Industrial Cooperation: New Thinking in the East... and in the West?" in Ronald Liebowitz, ed., Gorbachev's New Thinking: Prospects for Joint Ventures, Ballinger Publ., Cambridge MA, 1988.

35. See the comments of Heininger, "Ökonomische Sicherheit," as quoted on pages 29 and 30.

36. Klaus Kannapin, "Die Entwicklungsländer und das Problem der ökonomischen Sicherheit," IPW Berichte, 5/1988, p. 12.

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